

CITY OF BEL AIRE, KANSAS

**Financial Statements
December 31, 2009**

**with
Independent Auditors' Report**

CITY OF BEL AIRE, KANSAS

Financial Statements

December 31, 2009

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Bel Aire, Kansas

We have audited the accompanying financial statements of the governmental activities, the proprietary activities, each major fund, and the aggregate remaining fund information of the City of Bel Aire, Kansas as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bel Aire's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the proprietary activities, each major fund, and the aggregate remaining fund information of the City of Bel Aire, Kansas, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying *required supplementary information*, such as management's discussion and analysis information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information in accordance with auditing standards generally accepted in the United States of America. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bel Aire's basic financial statements as a whole. The accompanying *supplementary information*, such as changes in long-term debt and maturities of long-term debt is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

September 21, 2010

Peterson, Peterson & Goss, L.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BEL AIRE, KANSAS
December 31, 2009

Management's Discussion and Analysis

This section of the City's annual financial report is designed to provide readers an overview and analysis of the financial activities during the fiscal year ended December 31, 2009. Please read it in conjunction with the City's financial statements which follow this section.

Financial Highlights – Year 2009

- Net assets decreased by \$1,585,231.
- The assets of the City exceeded its liabilities at the close of 2009 by \$17,020,642.
- At the end of 2009, the fund balance for the general fund was \$3,341,623 compared to \$3,649,498 for 2008.
- Temporary notes increased by \$5,325,000.
- Government activity revenues and charges for services amounted to \$7,103,485.
- Government activity expenses, including depreciation, amounted to \$6,387,215.
- The City made principal payments on debt in the amount of \$4,559,430.
- Contractual indebtedness increased from \$49,150,000 to \$54,285,000.
- Capital assets, after accumulated depreciation, amounted to \$48,155,622 for governmental and \$10,933,796 for Proprietary activities.
- At year-end the City had unrestricted cash of \$9,205,024.
- Restricted COP debt service cash amounted to \$2,539,668 at year end.
- The Public Building Commission is reported as a blended component unit. PBC assets, at cost, amounted to \$5,009,120.
- COP indebtedness applicable to the land project decreased by \$1,160,000.
- Land project sales amounted to \$1,598,475.
- Land project expenditures amounted to \$370,125.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private-sector business.

CITY OF BEL AIRE, KANSAS
December 31, 2009

The Statement of Net Assets is prepared on the accrual basis and presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities is focused on both the gross and net cost of various functions (including governmental, proprietary and component units), which are supported, by the City of Bel Aire's general tax and other revenues. This is intended to summarize and simplify the user's analysis of costs of various governmental services and or subsidies to various proprietary activities and/or component units. The statement is prepared on the accrual basis of accounting.

Governmental activities reflect the City's basic services, including general government, police, community development, law/municipal court, employee benefits, streets and highways, parks and grounds and recreation. Property, sales, and gasoline taxes along with motor vehicle taxes, franchise fees and court fees, licenses and permits finance the majority of these services. The proprietary activities reflect private sector type operations (sewer and water utilities), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds (major funds) - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two-categories - governmental and proprietary.

Governmental Funds - Most of the city's basic services are included in governmental funds, which focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. The governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Proprietary Funds - Services for which the City charges customers a fee are generally reported in the proprietary funds. The sewer and water utilities comprise the proprietary funds for the City of Bel Aire. Proprietary funds financial statements, like the government-wide statements, provide both long- and short-term financial information.

CITY OF BEL AIRE, KANSAS
December 31, 2009

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Treasurer, 7651 E. Central Park Ave., Bel Aire, Kansas 67226.

Condensed Financial Information

Government-Wide
Assets, Liabilities and Net Assets

	December 31, 2009			Memo
	Governmental	Proprietary	Total	2008
<u>Assets</u>	<u>Activities</u>	<u>Activities</u>		
Cash	\$ 8,779,809	\$ 425,215	\$ 9,205,024	\$ 6,772,041
Receivables	9,470,815	206,953	9,677,768	11,207,795
Capital assets, net	48,155,622	10,933,796	59,089,418	57,750,757
Other assets	164,339	--	164,339	172,330
COP restricted cash	2,539,668	--	2,539,668	2,395,021
Total Assets	<u>\$ 69,110,253</u>	<u>\$11,565,964</u>	<u>\$80,676,217</u>	<u>\$78,297,944</u>
<u>Liabilities</u>				
Payables and accruals	\$ 155,951	\$ 98,109	\$ 254,060	\$ 289,471
Deferred revenue	8,798,697	--	8,798,697	10,162,436
Long-term debt	54,602,818	--	54,602,818	49,240,164
Total liabilities	63,557,466	98,109	63,655,575	59,692,071
<u>Net Assets</u>				
Invested in capital assets, net	(6,447,196)	10,933,796	4,486,600	8,510,593
Restricted	10,137,311	--	10,137,311	6,459,560
Unrestricted	1,862,672	534,059	2,396,731	3,635,720
Total net assets	<u>5,552,787</u>	<u>11,467,855</u>	<u>17,020,642</u>	<u>18,605,873</u>
Total Liabilities and Net Assets	<u>\$ 69,110,253</u>	<u>\$11,565,964</u>	<u>\$80,676,217</u>	<u>\$78,297,944</u>

CITY OF BEL AIRE, KANSAS
December 31, 2009

Condensed Financial Information

Debt

	December 31, 2009			Memo
<u>Debt</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>	<u>12-31-08</u>
	<u>Activities</u>	<u>Activities</u>		
General obligation bonds	\$ 14,575,000	\$ --	\$14,575,000	\$13,515,000
Temporary notes	14,900,000	--	14,900,000	9,575,000
COP's	19,830,000	--	19,830,000	20,990,000
Revenue bonds – PBC	4,980,000	--	4,980,000	5,070,000
Capital leases	317,818	--	317,818	90,164
Total	<u>\$ 54,602,818</u>	<u>\$ --</u>	<u>\$54,602,818</u>	<u>\$49,420,164</u>

Revenues – Governmental Activities

	2009			Memo
	<u>Program</u>	<u>General</u>	<u>Total</u>	<u>2008</u>
Fees, permits, rents, etc.	\$ 200,657	\$ --	\$ 200,657	\$ 400,106
Land project	--	1,598,475	1,598,475	1,813,475
Fines	191,487	--	191,487	186,257
Operating grants	7,829	--	7,829	20,212
Taxes and shared revenue	--	2,815,919	2,815,919	2,829,376
Special assessments	--	1,388,718	1,388,718	1,518,949
Reimbursements and other	--	--	--	801,667
Franchise fees	--	298,361	298,361	336,415
Interest	--	602,039	602,039	97,780
Transfers	--	--	--	187,966
Total	<u>\$ 399,973</u>	<u>\$ 6,703,512</u>	<u>\$ 7,103,485</u>	<u>\$ 8,192,203</u>

CITY OF BEL AIRE, KANSAS
December 31, 2009

Condensed Financial Information

Program Expenses, Including Depreciation – Governmental Activities

<u>Program</u>	<u>2009</u>	<u>Memo 2008</u>
Administration	\$ 464,219	\$ 915,984
Community development/infrastructure/streets	621,612	831,594
Recreation and Senior Center	486,806	520,164
Law and municipal court	109,619	99,168
Employee benefits	539,838	548,811
Police	853,686	801,255
Land project	370,125	2,137,572
PBC	107,343	84,995
Interest on debt and other	<u>2,833,967</u>	<u>1,168,563</u>
Total	<u>\$6,387,215</u>	<u>\$7,108,106</u>

Revenues – Proprietary Activities

	<u>2009</u>			<u>Memo 2008</u>
	<u>Operating Revenues</u>	<u>Other Increases</u>	<u>Total</u>	
Water utility	\$ 1,137,365	\$ 540,044	\$ 1,677,409	\$ 1,198,794
Sewer utility	<u>1,398,761</u>	<u>--</u>	<u>1,398,761</u>	<u>1,304,595</u>
Total	<u>\$ 2,536,126</u>	<u>\$ 540,044</u>	<u>\$ 3,076,170</u>	<u>\$ 2,503,389</u>

Expenses – Proprietary Activities

	<u>2009</u>			<u>Memo 2008</u>
	<u>Nondepreciation</u>	<u>Depreciation</u>	<u>Total</u>	
Water utility	\$ 1,456,626	\$ 172,487	\$ 1,629,113	\$ 1,601,354
Sewer utility	<u>1,191,475</u>	<u>141,095</u>	<u>1,332,570</u>	<u>1,339,108</u>
Total	<u>\$ 2,648,101</u>	<u>\$ 313,582</u>	<u>\$ 2,961,683</u>	<u>\$ 2,940,462</u>

CITY OF BEL AIRE, KANSAS
December 31, 2009

Condensed Financial Information

Total Revenues Government-Wide

	<u>2009</u>	<u>Memo 2008</u>
Governmental:		
Program	\$ 399,973	\$ 606,575
General	<u>6,703,512</u>	<u>7,585,628</u>
Total Governmental	7,103,485	8,192,203
Proprietary:		
Water and sewer charges	2,536,126	2,404,460
Other increases	<u>540,044</u>	<u>98,929</u>
Total Proprietary	<u>3,076,170</u>	<u>2,503,389</u>
Total	<u>\$10,179,655</u>	<u>\$10,695,592</u>

Total Expenses Government-wide

	<u>2009</u>	<u>Memo 2008</u>
Governmental	\$ 6,387,215	\$ 7,108,106
Proprietary	<u>2,961,683</u>	<u>2,940,462</u>
Total	<u>\$ 9,348,898</u>	<u>\$10,048,568</u>

BASIC FINANCIAL STATEMENTS

CITY OF BEL AIRE, KANSAS
Government-wide Statement of Net Assets
December 31, 2009

<u>Assets</u>			<u>Liabilities and Net Assets</u>		
	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>		
Assets:				Liabilities:	
Cash	\$ 8,779,809	\$ 425,215	\$ 9,205,024	Accounts payable and accruals	\$ 155,951
Receivables and specials	9,470,815	206,953	9,677,768	Deferred revenue and specials	8,798,697
Unamortized debt issuance costs - PBC	164,339	-	164,339	Bonds, notes and capital leases:	
Restricted debt service funds - COP's	2,539,668	-	2,539,668	Due in 2010:	
				Bonds and notes	3,965,000
Capital assets:				COP's - refinanced in 2010	19,830,000
Nondepreciable:				Capital leases, ordinary	116,838
Land, including capital leases	3,065,584	534,040	3,599,624	Total 2010 maturities	23,911,838
Land project	22,091,757	-	22,091,757	Due after 2010	30,690,980
Construction in progress	91,116	-	91,116	Total bonds, notes and capital leases	54,602,818
Total nondepreciable	25,248,457	534,040	25,782,497		
				Total liabilities	63,557,466
Depreciable:					
Plant and equipment	-	14,141,527	14,141,527	Net Assets:	
Infrastructure	25,135,893	-	25,135,893	Invested in capital assets, net of debt	(6,447,196)
Equipment, buildings and improvement	6,756,637	-	6,756,637		
	31,892,530	14,141,527	46,034,057	Restricted:	
				Debt service	2,572,644
Accumulated depreciation	(8,985,365)	(3,741,771)	(12,727,136)	Capital projects	7,564,667
Total depreciable	22,907,165	10,399,756	33,306,921	Total restricted	10,137,311
Total capital assets	48,155,622	10,933,796	59,089,418	Unrestricted	1,862,672
				Total net assets	5,552,787
				Total liabilities and net assets	\$ 69,110,253
Total assets	\$ 69,110,253	\$ 11,565,964	\$ 80,676,217		\$ 11,565,964
					\$ 80,676,217

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Government-wide Statement of Activities
For the Year Ended December 31, 2009

Functions/Program	Expenses			Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
	Other than Depreciation	Depreciation	Total	Charges for Services	Operating Grants	Total	Governmental Activities	Proprietary Activities	Total
Governmental activities:									
Administration, mayor and council	\$ 445,595	\$ 18,624	\$ 464,219	\$ 63,273	\$ -	\$ 63,273	\$ (400,946)	\$ -	\$ (400,946)
Community development	80,052	541,560	621,612	-	-	-	(621,612)		(621,612)
Law and municipal court	109,619	-	109,619	191,487	-	191,487	81,868		81,868
Parks, grounds, recreation, pool, etc.	435,449	51,357	486,806	82,241	-	82,241	(404,565)		(404,565)
Police	775,515	78,171	853,686	-	-	-	(853,686)		(853,686)
Streets	134,274	19,249	153,523	-	-	-	(153,523)		(153,523)
Nondepartmental	148,627	-	148,627	-	7,829	7,829	(140,798)		(140,798)
Employee benefits	539,838	-	539,838	-	-	-	(539,838)		(539,838)
Land project	370,125	-	370,125	-	-	-	(370,125)		(370,125)
Interest on debt	2,531,817	-	2,531,817	-	-	-	(2,531,817)		(2,531,817)
PBC	4,696	102,647	107,343	55,143	-	55,143	(52,200)		(52,200)
Total governmental activities	5,575,607	811,608	6,387,215	392,144	7,829	399,973	(5,987,242)	-	(5,987,242)
Proprietary activities:									
Water	1,456,626	172,487	1,629,113	1,137,365	-	1,137,365		(491,748)	(491,748)
Sewer	1,191,475	141,095	1,332,570	1,398,761	-	1,398,761		66,191	66,191
Total proprietary activities	2,648,101	313,582	2,961,683	2,536,126	-	2,536,126	-	(425,557)	(425,557)
Total	\$ 8,223,708	\$ 1,125,190	\$ 9,348,898	\$ 2,928,270	\$ 7,829	\$ 2,936,099	\$ (5,987,242)	\$ (425,557)	\$ (6,412,799)
Net revenues (expenses), above							\$ (5,987,242)	\$ (425,557)	\$ (6,412,799)
General revenues, transfers, etc.:									
Taxes and shared revenue							2,044,865		2,044,865
Special assessments							1,388,718		1,388,718
Sales tax							771,054		771,054
Franchise fees							298,361		298,361
Interest							602,039	12,785	614,824
Capital asset contributions								527,259	527,259
Land project							1,598,475		1,598,475
Total general revenues, transfers, etc.							6,703,512	540,044	7,243,556
Change in net assets							716,270	114,487	830,757
Net assets - beginning, adjusted							4,836,517	11,353,368	16,189,885
Net assets - ending							\$ 5,552,787	\$ 11,467,855	\$ 17,020,642

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Balance Sheet - Governmental Funds
December 31, 2009

	Major Funds						Total	Reconciliation to Government-Wide Statement of Net Assets	
	General	Special Street and Highway	Employee Benefits	Bond and Interest	Capital Projects	Nonmajor Funds			
<u>Assets</u>									
Cash	\$ 315,951	\$ 267,279	\$ 125,645	\$ 32,976	\$ 7,564,667	\$ 473,291	\$ 8,779,809	Total fund balance, this statement	\$ 11,835,644
Receivables:								Add (deduct):	
Ad valorem tax	1,037,244	-	563,628	-	-	-	1,600,872	Capital assets	48,155,622
Special assessments	-	-	-	7,203,073	-	-	7,203,073	Bonds, notes and leases payable	(54,602,818)
Real estate mortgage	427,313	-	-	-	-	-	427,313	Unamortized debt issuance costs and other reconciling items	164,339
Sales tax and intergovernmental	150,989	46,655	2,356	-	-	-	200,000		
Franchise fees	39,557	-	-	-	-	-	39,557		
Total receivables	1,655,103	46,655	565,984	7,203,073	-	-	9,470,815	Total net assets, governmental	\$ 5,552,787
Restricted debt service funds COP's	2,539,668	-	-	-	-	-	2,539,668		
 Total assets	<u>\$ 4,510,722</u>	<u>\$ 313,934</u>	<u>\$ 691,629</u>	<u>\$ 7,236,049</u>	<u>\$ 7,564,667</u>	<u>\$ 473,291</u>	<u>\$ 20,790,292</u>		
 <u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable and accruals	\$ 137,103	\$ -	\$ 18,848	\$ -	\$ -	\$ -	\$ 155,951		
Deferred revenues	1,031,996	-	563,628	7,203,073	-	-	8,798,697		
Total liabilities	1,169,099	-	582,476	7,203,073	-	-	8,954,648		
 Fund Balances:									
Reserved:									
Capital projects	-	-	-	-	7,564,667	-	7,564,667		
Debt service	2,539,668	-	-	32,976	-	-	2,572,644		
Total reserved	2,539,668	-	-	32,976	7,564,667	-	10,137,311		
Unreserved	801,955	313,934	109,153	-	-	473,291	1,698,333		
Total fund balances	3,341,623	313,934	109,153	32,976	7,564,667	473,291	11,835,644		
 Total liabilities and fund balances	<u>\$ 4,510,722</u>	<u>\$ 313,934</u>	<u>\$ 691,629</u>	<u>\$ 7,236,049</u>	<u>\$ 7,564,667</u>	<u>\$ 473,291</u>	<u>\$ 20,790,292</u>		

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2009

	Major Funds					Nonmajor Funds	Total	Reconciliation to Government-Wide Statement of Activities	
	General	Special Street and Highway	Employee Benefits	Bond and Interest	Capital Projects				
Revenues:								Net change in fund balances,	
Taxes and shared revenues	\$ 1,138,634	\$ 251,431	\$ 608,304	\$ -	\$ -	\$ -	\$ 1,998,369	this statement	\$ 2,619,065
Franchise fees	311,353	-	-	-	-	-	311,353	Add (deduct):	
Court fines	191,487	-	-	-	-	-	191,487	Capital asset acquisitions	4,271,467
Licenses, permits and fees	216,322	-	-	-	-	323,003	539,325	New debt	(9,922,084)
Sales tax	859,299	-	-	-	-	-	859,299	Retired debt	4,559,430
Land sales	1,598,475	-	-	-	-	-	1,598,475	Depreciation	(811,608)
Special assessments	-	-	-	1,388,718	-	-	1,388,718	Total additions (deductions)	(1,902,795)
Other	109,917	-	705	21,074	132,593	-	264,289		
Total revenues	4,425,487	251,431	609,009	1,409,792	132,593	323,003	7,151,315		
Expenditures:								Change in net assets -	
Current:								governmental activities	\$ 716,270
Administration, mayor and council	451,578	-	-	-	-	-	451,578		
Community development	80,052	-	-	-	-	-	80,052		
Law and municipal court	109,619	-	-	-	-	-	109,619		
Parks, grounds, recreation, pool, etc.	474,198	-	-	-	-	-	474,198		
Police	832,895	-	-	-	-	-	832,895		
Streets	-	318,307	-	-	-	-	318,307		
Nondepartmental	148,610	-	-	-	-	-	148,610		
Employee benefits	-	-	539,838	-	-	-	539,838		
Land project taxes	370,125	-	-	-	-	-	370,125		
Capital outlay	-	-	-	-	3,701,777	108,434	3,810,211		
Debt service:									
Principal	1,160,000	-	-	1,140,000	-	90,000	2,390,000		
Interest and fees	1,611,053	-	-	692,498	-	228,266	2,531,817		
Total expenditures	5,238,130	318,307	539,838	1,832,498	3,701,777	426,700	12,057,250		
Excess (deficiency)	(812,643)	(66,876)	69,171	(422,706)	(3,569,184)	(103,697)	(4,905,935)		
Other financing sources (uses):									
Transfers	748,752	(811,502)	-	-	-	62,750	-		
Bonds issued	-	-	-	-	2,200,000	-	2,200,000		
Temporary notes issued	-	-	-	-	7,365,000	-	7,365,000		
Temporary notes paid	-	-	-	-	(2,040,000)	-	(2,040,000)		
Total other financing sources (uses)	748,752	(811,502)	-	-	7,525,000	62,750	7,525,000		
Net change in fund balances	(63,891)	(878,378)	69,171	(422,706)	3,955,816	(40,947)	2,619,065		
Fund balance, beginning, adjusted	3,405,514	1,192,312	39,982	455,682	3,608,851	514,238	9,216,579		
Fund balance, ending	\$ 3,341,623	\$ 313,934	\$ 109,153	\$ 32,976	\$ 7,564,667	\$ 473,291	\$ 11,835,644		

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended December 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 973,388	\$ 963,212	\$ (10,176)
Delinquent tax	-	11,356	11,356
Motor vehicle tax	160,765	164,066	3,301
Sales tax	795,201	859,299	64,098
Franchise fees	319,000	311,353	(7,647)
Court fines	181,500	191,487	9,987
Licenses, permits and fees	91,100	63,273	(27,827)
Recreation fees	73,500	82,241	8,741
Rents and note collections	-	43,333	43,333
Federal aid, grants	25,500	4,051	(21,449)
Interest	30,000	22,343	(7,657)
Other	-	109,917	109,917
Transfer from Special Street and Highway Fund	-	811,502	811,502
Trustee interest	-	1,081	1,081
Land sales	1,820,365	1,598,475	(221,890)
Total cash receipts	4,470,319	5,236,989	766,670
Expenditures:			
City Administration:			
Personnel services	209,418	155,919	53,499
Contractual services	231,802	219,020	12,782
Operating expenses	30,500	24,082	6,418
Capital outlay	-	5,983	(5,983)
Community Development:			
Personnel services	40,833	40,056	777
Contractual services	30,867	29,604	1,263
Operating expenses	35,350	10,392	24,958
Law and Municipal Court:			
Personnel services	53,883	51,215	2,668
Contractual services	124,926	50,822	74,104
Operating expenses	4,350	7,582	(3,232)

CITY OF BEL AIRE, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended December 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued):			
Parks and Grounds:			
Personnel services	\$ 121,618	\$ 135,687	\$ (14,069)
Contractual services	29,916	17,623	12,293
Operating expenses	32,100	28,146	3,954
Capital outlay	27,600	24,216	3,384
Police:			
Personnel services	575,806	591,000	(15,194)
Contractual services	77,685	78,991	(1,306)
Operating expenses	172,592	105,524	67,068
Capital outlay	42,000	57,380	(15,380)
Recreation:			
Personnel services	141,830	137,674	4,156
Contractual services	46,274	20,690	25,584
Operating expenses	36,400	37,187	(787)
Capital outlay	9,000	14,533	(5,533)
Senior Center:			
Personnel services	18,493	11,640	6,853
Contractual services	5,664	-	5,664
Operating expenses	4,150	6,457	(2,307)
Mayor and Council:			
Personnel services	7,680	9,360	(1,680)
Contractual services	1,500	5,996	(4,496)
Operating expenses	32,850	31,218	1,632
Central Park Pool:			
Personnel services	15,000	20,286	(5,286)
Contractual services	5,000	9,253	(4,253)
Operating expenses	10,000	10,806	(806)

CITY OF BEL AIRE, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended December 31, 2009

Nondepartmental:			
Accounting and auditing	22,000	7,200	14,800
Computer support services	7,500	19,206	(11,706)
Unappropriated reserves	100,000	-	100,000
Buildings/fixed equipment	10,000	11,672	(1,672)
Grounds, improvements, etc.	12,000	12,809	(809)
Operating reserves	100,000	-	100,000
Contractual and legal services	29,300	36,247	(6,947)
Liability insurance	24,633	19,139	5,494
Janitorial	15,000	15,240	(240)
Communications	33,500	14,610	18,890
Other nondepartmental	30,183	12,487	17,696
Land Project:			
Taxes	45,000	68,495	(23,495)
Specials	305,000	301,630	3,370
Interest on COP's	1,841,732	1,611,053	230,679
Principal on COP's	-	1,160,000	(1,160,000)
Total land project	2,191,732	3,141,178	(949,446)
Transfer to Capital Improvements Fund	69,450	62,750	6,700
Total expenditures	4,820,385	5,300,880	(480,495)
Receipts over (under) expenditures	\$ (350,066)	\$ (63,891)	\$ 286,175
Adjusted unencumbered cash, beginning	540,066	2,915,932	2,375,866
Unencumbered cash, ending	\$ 190,000	\$ 2,852,041	\$ 2,662,041

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Street and Highway Fund
For the Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
County gas tax	\$ 97,200	\$ 81,079	\$ (16,121)
State gas tax	197,760	170,352	(27,408)
Interest	2,000	-	(2,000)
Total cash receipts	<u>296,960</u>	<u>251,431</u>	<u>(45,529)</u>
Expenditures:			
Personnel services	69,400	46,981	22,419
Contractual services	43,275	34,209	9,066
Operating expense	79,350	53,084	26,266
Capital outlay	119,934	184,033	(64,099)
Transfer to General Fund	-	811,502	(811,502)
Transfer to Bond and Interest Fund	907,394	-	907,394
Total expenditures	<u>1,219,353</u>	<u>1,129,809</u>	<u>89,544</u>
Receipts over (under) expenditures	(922,393)	(878,378)	44,015
Unencumbered cash, beginning	<u>1,091,864</u>	<u>1,145,655</u>	<u>53,791</u>
Unencumbered cash, ending	<u><u>\$ 169,471</u></u>	<u><u>\$ 267,277</u></u>	<u><u>\$ 97,806</u></u>

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Employee Benefits Fund
For the Year Ended December 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property tax	\$ 529,251	\$ 529,677	\$ 426
Motor vehicle tax	75,519	78,627	3,108
Interest	200	-	(200)
Other	7,406	705	(6,701)
Total cash receipts	<u>612,376</u>	<u>609,009</u>	<u>(3,367)</u>
Expenditures:			
FICA/Medicare	599,019	122,275	476,744
Unemployment	-	10,698	(10,698)
Worker's compensation	-	33,949	(33,949)
KPERS and death and disability	-	80,594	(80,594)
Retirement plan	-	5,107	(5,107)
Health and life insurance	-	286,825	(286,825)
Other	15,390	390	15,000
Total expenditures	<u>614,409</u>	<u>539,838</u>	<u>74,571</u>
Receipts over (under) expenditures	(2,033)	69,171	71,204
Unencumbered cash, beginning	<u>32,033</u>	<u>37,629</u>	<u>5,596</u>
Unencumbered cash, ending	<u>\$ 30,000</u>	<u>\$ 106,800</u>	<u>\$ 76,800</u>

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Bond and Interest Fund
For the Year Ended December 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Special assessments	\$ 1,364,158	\$ 1,388,718	\$ 24,560
Interest	10,000	-	(10,000)
Other	-	21,074	21,074
Transfer from:			
Water Utility Fund	101,056	-	(101,056)
Sewer Utility Fund	138,028	-	(138,028)
Special Streets and Highway Fund	7,394	-	(7,394)
Total cash receipts	<u>1,620,636</u>	<u>1,409,792</u>	<u>(210,844)</u>
Expenditures:			
Principal payments	1,717,250	1,140,000	577,250
Interest expense	-	686,329	(686,329)
Other	-	6,169	(6,169)
Total expenditures	<u>1,717,250</u>	<u>1,832,498</u>	<u>(115,248)</u>
Receipts over (under) expenditures	(96,614)	(422,706)	(326,092)
Unencumbered cash, beginning	<u>543,533</u>	<u>455,681</u>	<u>(87,852)</u>
Unencumbered cash, ending	<u>\$ 446,919</u>	<u>\$ 32,975</u>	<u>\$ (413,944)</u>

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Cash Receipts and Expenditures - Actual
Capital Projects Fund
For the Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts:	
Bond issued	\$ 2,200,000
Temporary notes issues	7,365,000
Capitalized interest	132,593
Total cash receipts	<u>9,697,593</u>
Expenditures:	
Temporary notes - principal	2,040,000
Elk Creek phase I project	2,206,648
Industrial park	476,172
Other construction	653,929
Advances on utility improvements	365,028
Total expenditures	<u>5,741,777</u>
Receipts over (under) expenditures	3,955,816
Unencumbered cash, beginning	<u>3,608,851</u>
Unencumbered cash, ending	<u><u>\$ 7,564,667</u></u>

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Net Assets - Proprietary Funds
December 31, 2009

<u>Assets</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current assets:			
Cash	\$ 129,726	\$ 295,489	\$ 425,215
Accounts receivable	76,887	130,066	206,953
Total current assets	<u>206,613</u>	<u>425,555</u>	<u>632,168</u>
Capital assets:			
Plant and equipment	7,870,920	6,270,607	14,141,527
Accumulated depreciation	(2,144,570)	(1,597,201)	(3,741,771)
Total plant and equipment	<u>5,726,350</u>	<u>4,673,406</u>	<u>10,399,756</u>
Land, non-depreciable	234,040	300,000	534,040
Total capital assets	<u>5,960,390</u>	<u>4,973,406</u>	<u>10,933,796</u>
Total assets	<u><u>\$ 6,167,003</u></u>	<u><u>\$ 5,398,961</u></u>	<u><u>\$ 11,565,964</u></u>
 <u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 76,116	\$ 21,993	\$ 98,109
Net Assets:			
Invested in capital assets	5,960,390	4,973,406	10,933,796
Unrestricted	130,497	403,562	534,059
Total net assets	<u>6,090,887</u>	<u>5,376,968</u>	<u>11,467,855</u>
Total liabilities and net assets	<u><u>\$ 6,167,003</u></u>	<u><u>\$ 5,398,961</u></u>	<u><u>\$ 11,565,964</u></u>

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds
For the Year Ended December 31, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:			
Charges for services, etc.	\$ 1,137,365	\$ 1,398,761	\$ 2,536,126
Operating expenses:			
Personnel	337,803	214,304	552,107
Contractual services	157,377	18,250	175,627
Operations and maintenance - CCUA	262,312	343,061	605,373
Debt service - CCUA	585,469	567,075	1,152,544
Franchise fees	50,000	50,000	100,000
Other operating expenses	63,665	(1,215)	62,450
Depreciation	172,487	141,095	313,582
Total operating expenses	<u>1,629,113</u>	<u>1,332,570</u>	<u>2,961,683</u>
Income (loss) from operations	(491,748)	66,191	(425,557)
Nonoperating revenues and (expenses):			
Interest and other	<u>12,664</u>	<u>121</u>	<u>12,785</u>
Net change before governmental contribution:	(479,084)	66,312	(412,772)
Capital assets contributed by governmental funds	<u>321,376</u>	<u>205,883</u>	<u>527,259</u>
Change in net assets	(157,708)	272,195	114,487
Net assets, beginning	<u>6,248,595</u>	<u>5,104,773</u>	<u>11,353,368</u>
Net assets, ending	<u><u>\$ 6,090,887</u></u>	<u><u>\$ 5,376,968</u></u>	<u><u>\$ 11,467,855</u></u>

See notes to financial statements.

CITY OF BEL AIRE, KANSAS
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash flows - operating activities:			
Customers	\$ 1,141,722	\$ 1,398,276	\$ 2,539,998
Groundwater settlement	96,226	-	96,226
Other revenue	10,730	100	10,830
Payments to employees	(305,803)	(192,304)	(498,107)
Contractual and other	(232,703)	(107,105)	(339,808)
CCUA charges	(847,781)	(910,136)	(1,757,917)
Net cash provided by (used in) operating activities	(137,609)	188,831	51,222
Cash flows - capital and related financing activities:			
Capital outlay	(9,169)	(3,225)	(12,394)
Net increase (decrease) in cash	(146,778)	185,606	38,828
Cash, beginning	276,504	109,883	386,387
Cash, ending	<u>\$ 129,726</u>	<u>\$ 295,489</u>	<u>\$ 425,215</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

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CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the City of Bel Aire, Kansas (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles applied on a consistent basis.

Reporting Entity

The City of Bel Aire, Kansas is incorporated under the laws of the State of Kansas. The City operates under a Mayor-Council form of City government consisting of an elected Mayor and council and provides services to the citizens in the areas of highways and streets, water service, wastewater treatment, community development, public safety, planning and zoning, recreation, public works, and general administrative services.

Blended Component Unit. The statements include the financial data of the Public Building Commission (PBC). The PBC was formed several years ago in order to finance and build the 1) City Hall, 2) the swimming pool and 3) an effluent line for the sale of "gray water" to Willowbend. The PBC issued debt instruments (revenue bonds) to finance the projects and leases the City Hall and swimming pool to the City. All revenues from City Hall rents, gray water sales and pool operations are pledged for debt service on the following PBC revenue bonds:

<u>Project</u>	<u>Original Amount of Bonds</u>	<u>Bonds outstanding 12-31-09</u>	<u>Final Maturity</u>
City Hall, land and improvements	\$ 400,000	\$ 245,000	2-1-13
Swimming pool renovations	790,000	760,000	2-1-36
Effluent line	600,000	540,000	2-1-34
Refunding revenue bonds	<u>3,460,000</u>	<u>3,390,000</u>	2-1-36
Total	<u>\$5,250,000</u>	<u>\$4,935,000</u>	

Although the PBC is a legally separate organization, the City is financially accountable for the component unit in accordance with GASB standards. The PBC's governing body is substantially the same as the governing body of the City, therefore the PBC is "blended" with the City's financial statements. Blending means that the component unit is so closely related to the primary government that it is, in effect, the same as the primary government. In this case the data for the component unit's funds are combined with the data for the corresponding funds of the primary government.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

The Bel Aire Development Authority (BADA) was formed in 2002 by several individuals in partnership with the City in order to acquire land for City development, expansion, etc. In late 2005 the City became sole owner of the Authority and in early 2006 the Authority was liquidated and merged with the City. All land project costs and related debts were transferred to the City when the merger occurred.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds and account groups, each of which is defined as a fiscal accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction or limitations.

In accordance with state statutes and City requirements, several different types of funds are used to record the City's financial transactions.

Basis of Accounting

Government-wide Financial Statements:

The "Statement of Net Assets" and the "Statement of Activities" display information about the City, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered proprietary activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the proprietary activities of the City and for each program of the governmental activities. Direct expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants) grantors, contributors, or by laws/regulations of other governments or imposed by law. Net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements:

Fund financial statements, entitled "Balance Sheet - Governmental Funds" and "Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds", report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds:

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The City has four types of governmental funds - general, special revenue, debt service and capital projects.

Proprietary Funds:

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges (operating revenue). The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Proprietary fund types have elected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Accounting Standards Board Statement No. 20. Operating revenues are revenues derived primarily from user charges. All other revenues are reflected as nonoperating revenues.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days of year-end and available to pay obligations of the current period). This includes investment earnings, franchise fees and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects, if any, are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

CITY OF BEL AIRE, KANSAS

Notes to Financial Statements

December 31, 2009

1. Summary of Significant Accounting Policies (continued)

Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with any balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year, consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheets of the anticipated funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and reflected as deferred revenue until they become available. Special assessments are recorded in the debt service fund.

Other program revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash since they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the individual governmental funds.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments

Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments" has been implemented. In accordance with this statement, investments, if any, held at December 31, 2009 with original maturities greater than one year would be stated at fair value. Fair value is based on quoted market prices. There were no "investments" held at the end of the year.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

Receivables

Other receivables at December 31, 2009 consist of property tax, shared revenues, a note receivable from sale of the previous City Hall, accounts for user services, special assessments, accrued interest and franchise taxes.

Concentrations of Credit Risk

Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for water fees, sewer fees, and charges for services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

As mentioned later, certain capital assets have been valued using reasonable estimates when true historical cost values were not available.

Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net assets. Capital assets used by proprietary funds are reported in both the proprietary activities column of the government-wide statement of net assets and in the individual proprietary funds. Retroactive capitalization has been used and all infrastructure has been included.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Capital assets in the proprietary funds are accounted for in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

CITY OF BEL AIRE, KANSAS

Notes to Financial Statements

December 31, 2009

1. Summary of Significant Accounting Policies (continued)

The City follows the policy of capitalizing assets with unit costs of \$2,500 or more. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 40 years; improvements/infrastructure, 20 to 40 years; equipment, 5 to 10 years; water system, 35 to 40 years; sewer system, 40 years.

Certain capital assets have been valued using reasonable estimates when true historical cost values were not available.

There were no capital assets that were idle at the end of the year.

Accrued Compensated Absences

The City accrues unused portions of vacation pay in the period the fund liability is incurred, as permitted by Governmental Accounting Standards Board Statement No. 16. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. Even though the City has appropriated, accumulated and earmarked expendable available fund resources for these amounts, the portion not normally expected to be liquidated with expendable available financial resources is not reported as a fund liability in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board.

Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted if there are legal limitations that are imposed on their use by City legislation or external restrictions by other governments, creditors or grantors.

Special Assessments

Projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City and are retired from the Bond and Interest Fund. Further, State statutes permit the levying of additional general ad valorem property taxes to finance delinquent special assessments. Special assessment taxes are levied over ten-year or fifteen-year periods and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessment taxes when delinquent assessments are two years in arrears. At year-end, the special assessment taxes levied are a lien on the property and are reported as special assessments receivable in the Bond and Interest Fund with a corresponding amount recorded as deferred revenue.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies (continued)

Transfers

Transfers, if any, of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as operating transfers and are reported as other financing sources (uses) in the governmental funds and nonoperating revenues (expenses) in the proprietary funds. Nonrecurring or nonroutine transfers of equity between funds, if any, are recorded as residual equity transfers and are reported as additions to or deductions from fund balances.

Subsequent Events

The City adopted FASB ASC 855, *Subsequent Events*, effective for financial periods ending after June 15, 2009. The objective of FASB ASC 855 is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. Subsequent events have been evaluated through September 21, 2010, which is the date the financial statements were available to be issued. Events requiring disclosure were identified and disclosed.

2. Compliance and Accountability

Budget Requirements, Accounting, and Reporting

Kansas statutes require an annual operating budget be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), debt service funds and proprietary funds. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in adoption of budgets:

- a. Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- b. Publication of proposed budget on or before August 5 of each year.
- c. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 5 of each year.
- d. Public hearing on or before August 15 of each year.
- e. Adoption of final budget on or before August 25 of each year.

Original appropriations are modified by supplemental appropriations and transfers among budget categories. The City Council approves all significant changes.

Kansas statutes require all money to be raised by taxation and from all other sources for the ensuing budget year be appropriated. This requirement does not allow for any nonappropriated (undesignated) fund balance on a budgetary basis. The law does permit an appropriation for unspecified purposes not to exceed ten percent of the total amount of the budget, which provides the opportunity to maintain appropriated fund balance reserves

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

2. Compliance and Accountability (continued)

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All unencumbered appropriations lapse at the end of the year, except for capital project funds which are carried forward until such time as the project is completed or terminated. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time. Budgetary data presented in the financial statements represent the amended budget amounts.

A legal operating budget is not required for capital projects funds, fiduciary funds (if any), and certain special revenue funds. Spending in funds which are not subject to the legal annual operation budget requirement is controlled by federal regulations, other statutes or internal spending limits established by the governing body.

Encumbrances outstanding at year end represent the estimated amount of the expenditures ultimately to result if unperformed contracts (i.e., purchase orders, other commitments) in process are completed. Encumbrances, if any, are reported as reservations of fund balances in the GAAP governmental funds statements since they do not constitute expenditures or liabilities but do commit appropriations.

For day-to-day management control, expenditures plus encumbrances may not exceed the budget at the expenditure-type (i.e., personal services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund). The City may transfer unencumbered appropriations within programs within funds.

3. Deposits and Investments

Deposits

At year-end, the carrying amounts of the City's deposits were \$9,205,020 and the depository balances totaled \$9,678,665. The difference between the carrying amount and the depository balances are outstanding checks and deposits in transit. Of the depository balances, \$500,000 was covered by federal deposit insurance and \$9,178,665 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the City's name. The third-party banks holding the pledged securities are independent of the pledging banks. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging banks and the independent third-party banks holding the pledged securities.

Investments

Kansas statutes authorize the City to invest in U.S. Treasury bills and notes, and repurchase agreements. All investments must be insured, registered or held by the City or its agents in the City's name. At December 31, 2009 the City did not own any "investments".

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

4. Property Taxes

Property taxes include amounts levied against all real property and tangible personal property, which is used in businesses located in the City. Real property taxes are levied on the assessed value listed as of the prior January 1st. Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 20; if paid semi-annually, the first payment is due December 20 with the remainder payable by May 10 in the next year.

5. Capital Assets and Depreciation

Capital assets owned by the City are summarized below. A substantial portion of the values was based on reasonable estimates of historical cost when true historical costs were not available.

Governmental Activities

	<u>12-31-09</u>	<u>12-31-08</u>
Nondepreciable:		
Land and improvements:		
Land project	\$22,091,757*	\$ 22,176,639*
Parks, recreation, etc.	2,209,100	2,209,100
City Hall	437,974	437,974
Other	<u>418,510</u>	<u>418,510</u>
Total land and land improvements	25,157,341	25,242,223
Construction in progress	<u>91,116</u>	<u>1,393,672</u>
Total nondepreciable	25,248,457	26,635,895
Depreciable:		
Infrastructure	25,135,893	22,001,110
City Hall	2,950,273	2,950,273
Swimming pool	854,756	854,756
Other structures and equipment	<u>2,951,608</u>	<u>2,821,274</u>
	31,892,530	28,627,413
Accumulated depreciation	<u>(8,985,365)</u>	<u>(8,173,757)</u>
Total depreciable	<u>22,907,165</u>	<u>20,453,656</u>
Total capital assets	<u>\$ 48,155,622</u>	<u>\$ 47,089,551</u>

*The land included in the land project is held primarily for sale by the City. For the most part, sale proceeds are deposited directly with the trustee for the COP's issued. The trustee handles payments of the COP debt service.

Assets originally required via capital leases in the amount of \$697,109 are included in the equipment category of the governmental funds. These assets are being "depreciated" using the straight-line method.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

5. Capital Assets and Depreciation (continued)

Depreciation was charged to the following governmental functions:

	<u>2009</u>	<u>2008</u>
Administration	\$ 18,624	\$ 12,720
Police	78,171	64,659
PBC	102,647	77,004
Community development/infrastructure/streets	560,809	547,521
Parks and recreation	51,357	74,902
Total	<u>\$ 811,608</u>	<u>\$ 776,806</u>

	<u>Proprietary Activities</u>			<u>2008</u>
	<u>2009</u>			<u>Memo</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Total</u>
Nondepreciable:				
Land and improvements	\$ 234,040	\$ 300,000	\$ 534,040	\$ 534,040
Depreciable:				
Plant and equipment	7,870,920	6,270,607	14,141,527	13,555,265
Accumulated depreciation	<u>(2,144,570)</u>	<u>(1,597,201)</u>	<u>(3,741,771)</u>	<u>(3,428,099)</u>
Total depreciable	<u>5,726,350</u>	<u>4,673,406</u>	<u>10,399,756</u>	<u>10,127,166</u>
Total capital assets	<u>\$ 5,960,390</u>	<u>\$ 4,973,406</u>	<u>\$ 10,933,796</u>	<u>\$10,661,206</u>
Depreciation expense	<u>\$ 172,487</u>	<u>\$ 141,095</u>	<u>\$ 313,582</u>	<u>\$ 306,342</u>

6. Pensions

Plan Description

The City of Bel Aire participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statutes for 1/01/09 to 12/31/09 was 6.54%. The City of Bel Aire employer contributions to KPERS for the years ending December 31, 2009, 2008, and 2007 were \$78,333, \$64,238, and \$50,888, respectively, equal to the required contributions for each year.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

7. Other Employee Benefits

Compensated Absences

The City's policy regarding vacation permits employees with one to five years continuous service to earn ten days vacation pay and for more than five years continuous service to earn fifteen days vacation pay. Earned vacation pay in excess of five days must be taken prior to the employee's next earning date (January 1 of the following year) or be forfeited. The sick leave policy of the City provides that all regular employees shall earn one day of sick leave for each calendar month of service. The maximum accumulation of sick leave is 210 days. After five years of continuous service with the City, an employee shall receive compensation for any unused accumulated sick leave up to a maximum of fifty days when permanently separated from service by reason of death or retirement. All other accumulated sick leave is canceled upon termination of employment. The costs of accumulated vacation and sick leave are recorded in the financial statements at the time payments are made to employees. The estimated liability at December 31, 2009 if all employees with accumulated vacation and sick leave were to terminate employment would be \$187,586.

8. Contingencies

In the ordinary course of business the City may be subjected to loss contingencies arising from lawsuits. Management believes the outcome of such matters, if any, will not have a material impact on the City's financial position or results of future operations.

9. Risk Management

The City is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The City manages and finances its risks primarily through the purchase of commercial insurance.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

10. Long-Term Debt Summary

Long-term debt is summarized below:

	2009		
	Balance 1-01-09	Net Changes	Balance 12-31-09
General obligation bonds	\$13,515,000	\$1,060,000	\$14,575,000
Temporary notes	9,575,000	5,325,000	14,900,000
Certificates of Participation	20,990,000	(1,160,000)	19,830,000
Revenue bonds – PBC	5,070,000	(90,000)	4,980,000
Capital leases	90,164	227,654	317,818
Accrued vacation and sick leave	163,093	24,493	187,586
Total	<u>\$49,403,257</u>	<u>\$5,387,147</u>	<u>\$54,790,404</u>

	2008		
	Balance 1-01-08	Net Changes	Balance 12-31-08
General obligation bonds	\$14,465,000	\$(950,000)	\$13,515,000
Temporary notes	4,840,000	4,735,000	9,575,000
Certificates of Participation	21,720,000	(730,000)	20,990,000
Revenue bonds – PBC	5,155,000	(85,000)	5,070,000
Capital leases	188,242	(98,078)	90,164
Accrued vacation and sick leave	142,419	20,674	163,093
Total	<u>\$46,510,661</u>	<u>\$2,892,596</u>	<u>\$49,403,257</u>

Principal payments due are reflected in the accompanying schedule of long-term debt maturities. Debt service payments are primarily made by the Bond and Interest Fund. Temporary notes are generally paid from the Capital Projects Fund, after bonds are issued. The Certificates of Participation are applicable to the land project and are primarily payable from land project sales deposited with the trustee.

11. Summary of Expenditures, Actual and Budget

Actual expenditures (statutory method) compared to published budgeted expenditures for 2009 are summarized below.

Fund	Budget	Actual	Variance Favorable (Unfavorable)
General	\$4,820,385	\$5,300,880	\$(480,495)
Employee benefit	614,409	539,838	74,571
Special street and highway	1,219,353	1,129,809	89,544
Bond and interest	1,717,250	1,832,498	(115,248)
Water utility	1,852,653	1,437,725	414,928
Sewer utility	1,470,962	1,212,700	258,262

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

12. Compliance with Kansas Statutes

The City was in violation for K.S.A. 9-1402, regarding pledging of securities for deposits, for two days during the year.

The City was in violation of K.S.A. 79-2935, regarding expenditures in excess of budget limits for the following funds:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General	\$4,820,385	\$5,300,880	\$(480,495)
Bond and Interest	1,717,250	1,832,498	(115,248)

Management is aware of no other statutory violations for the year ended December 31, 2009.

13. Tax Levy

The amount of tax levied for 2010 and 2009 is reflected below:

<u>Fund</u>	<u>2010</u>		<u>2009</u>	
	Mill <u>Levy</u>	Tax Amount <u>Assessed</u>	Mill <u>Levy</u>	Tax Amount <u>Assessed</u>
General	23.224	\$ 1,031,996	22.875	\$ 988,962
Employee Benefits	12.684	563,628	12.438	537,719
Total	<u>35.908</u>	<u>\$1,595,624</u>	<u>35.313</u>	<u>\$1,526,681</u>

14. Reclassifications and Adjustments

The capitalization of capital assets such as infrastructure, equipment, structures, construction in progress, etc. (and the related liabilities thereto) has resulted in several changes to net assets as compared to previously issued financial reports. The changes are consistent with the financial reporting requirements of GASB No. 34.

15. Budgetary Data – Proprietary Funds

As described in Note 1 the actual data presented in the budgetary comparison statements differ from data presented in accordance with generally accepted accounting principles (GAAP) for the proprietary fund types. Kansas statutes require that fixed budgets be legally adopted for all proprietary funds unless exempted by a specific statute. Proprietary fund budgets are prepared utilizing the modified accrual basis of accounting. Actual operations compared to budgeted operations for the proprietary funds are as follows:

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

15. Budgetary Data -- Proprietary Funds (continued)

	<u>Combined Proprietary Funds 2009</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Sales of services	\$ 3,040,890	\$ 2,539,998	\$ (500,892)
Interest	15,800	--	(15,800)
Other	<u>14,250</u>	<u>107,056</u>	<u>92,806</u>
Total revenues	3,070,940	2,647,054	(423,886)
Expenditures:			
Personnel services	596,827	498,107	98,720
Contractual services	2,263,389	2,033,544	229,845
Commodities, operating, etc.	107,000	93,609	13,391
Capital outlay	117,315	25,165	92,150
Transfers out	<u>239,084</u>	<u>--</u>	<u>239,084</u>
Total expenditures	<u>3,323,615</u>	<u>2,650,425</u>	<u>673,190</u>
Revenues (under) expenditures	<u>\$ (252,675)</u>	<u>\$ (3,371)</u>	<u>\$ (249,304)</u>

The following comparative reconciliation is presented to provide a correlation between the different basis of accounting for reporting in accordance with generally accepted accounting principles (GAAP) and for reporting on the budget basis for proprietary funds:

Change in net assets-- GAAP basis	\$ 114,487
Adjustments/reconciling items:	
Accruals, etc.	106,790
Capital asset contributions	(527,259)
Depreciation	315,382
Capital outlay	<u>(12,771)</u>
Total adjustments/reconciling items	<u>(117,858)</u>
Revenues (under) expenditures, budget basis	<u>\$ (3,371)</u>

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

16. Commitments – Public Building Commission

The City has entered into rental agreements with the PBC for leases of the City Hall and swimming pool. Rental payments are to be in amounts adequate to pay the PBC's principal and interest maturities on its bonds payable. Future payments due from the City are reflected below.

<u>Year</u>	<u>Swimming Pool</u>	<u>City Hall</u>	<u>Total</u>
2010	\$ 58,090	\$ 221,371	\$ 279,461
2011	57,590	219,258	276,848
2012	62,055	225,753	287,808
2013	64,090	233,156	297,246
2014	67,600	239,380	306,980
2015 thru 2036	<u>1,300,231</u>	<u>5,082,020</u>	<u>6,382,251</u>
Total	<u>\$1,609,656</u>	<u>\$ 6,220,938</u>	<u>\$ 7,830,594</u>

The PBC is a blended component unit of the City and the above rental payments are not reflected as payables or receivables. Future debt service payments of the PBC are reflected on the schedule of maturities of long-term debt.

17. Chisholm Creek Utility Authority

The Chisholm Creek Utility Authority is a Quasi-Municipal Governmental Entity formed in the year 2001 in accordance with Kansas Statutes 12-2901 through 2909, referred to as the Kansas Interlocal Cooperation Act. It was formed through the joint action of the Cities of Park City and Bel Aire, Kansas, for the purpose of providing "wholesale" water, wastewater and utility services to the Cities. Planning and engineering proceeded in cooperation with the Cities during that year and on March 20, 2002, the Authority closed on \$28,980,000 in revenue bonds allowing the construction of the planned water and wastewater facilities. In general, the initial 20 months were a period of acquisition of funds and construction; partial operations occurred in the wastewater function since the Authority purchased Park City's wastewater plant in a completely operational status. Full operation began in January 2003 in both the water and wastewater projects in addition to providing trash services to the citizens of Bel Aire; however the trash service operation was sold to an unrelated entity in December 2004.

The Authority's purpose is to serve the two cities and the function of the cities is to insure that the expenses of the Authority related to the water and wastewater operations of the project constructed by the revenue bonds are paid. "Expenses" include debt service and operating expense. The cities forming the Authority have planned that the Authority shall not create surplus cash balances from the use of city funds.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

17. Chisholm Creek Utility Authority (continued)

The Authority does not meet GASB requirements to be reported as a component unit in Bel Aire's financial statements, however, it is a related organization under the joint control of the two organizing cities. Neither city is "financially accountable" for the Authority and there is no "ongoing financial interest" or "ongoing financial responsibility."

As required by the bond covenants, the rates charged by each city to its residents and businesses should result in the funds necessary for the cities to pay for all the water and wastewater costs of the Authority in addition to all debt service payments. Current year operating results of the Authority reflected a gain in comparison with the previous year. Provisions of the revenue bond rate covenant were complied with for 2009.

At year-end the Authority had revenue bonds, capital leases and a land contract outstanding in the principal amount of \$27,958,971. The debt is more fully described in the audited financial statements of the Chisholm Creek Utility Authority. Debt administration is handled by the Bank of New York and Security Bank of Kansas City, excluding the capital leases and land contract.

During 2009 a temporary financing agreement was issued for the Authority to proceed with certain improvements to the wastewater treatment facilities. The improvements were approved up to \$3,918,306, of which the City of Bel Aire is liable for \$1,322,934.

Bel Aire's scheduled share of payments due to the Authority for revenue bonds and interest are reflected fellow:

<u>Period</u>	<u>Interest and Principal</u>
2010	\$ 778,516
2011	776,516
2012	779,516
2013	1,192,316
2014	1,195,591
2015 and thereafter	<u>22,354,172</u>
Total	<u>\$ 27,076,627</u>

The above payments will be recognized as expenses incurred for water and sewer operations.

Audited financial statements are available for the Chisholm Creek Utility Authority at the office of the City of Park City, 6110 N. Hydraulic, Park City, Kansas 67219.

CITY OF BEL AIRE, KANSAS
Notes to Financial Statements
December 31, 2009

18. Operating Leases

The City is a party to several operating leases with immaterial monthly lease payments.

19. Conduit Debt

From time to time, the City has sponsored the issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities demand to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership for the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayments of the bonds. In accordance with the Governmental Accounting Standards Board, the bonds are not reported as liabilities in the accompanying financial statements.

20. Construction Commitments

Significant capital projects approved and/or in progress at December 31, 2009 are reflected below:

<u>Project</u>	<u>Project Costs to Date</u>	<u>Approved Project Amount</u>
CCUA wastewater treatment	\$ --	\$ 1,630,000
Central Park, 3 rd phase, storm sewer	--	626,000
Central Park, 3 rd phase, water	--	95,000
Central Park, 3 rd phase, sewer	91,116	237,000
Central Park, 3 rd phase, paving	--	322,000
TV South, water and sewer	--	565,000
TV South, drainage	--	1,493,000
TV South, paving	--	753,000
Pestwick	--	165,000

Temporary notes for the above projects were issued in 2009.

21. Concentrations

The City buys all of its wastewater services from the Chisholm Creek Utility Authority. All water purchases are made from the Chisholm Creek Utility Authority and the City of Wichita.

CITY OF BEL AIRE, KANSAS

Notes to Financial Statements

December 31, 2009

22. Certificates of Participation (COP's)

The City is indebted, as Lessee, pursuant to a Lease Purchase Agreement with Security Bank of Kansas City, as Lessor, on three issues of Certificates of Participation (COP's) as follows:

<u>COP Series</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Original Amount of Issue</u>	<u>Balance 12-31-09</u>
2005	5-01-05	5-01-41	\$ 2,075,000	\$ 1,955,000
2005B	12-01-05	5-01-25	14,170,000	11,695,000
2006A	3-01-06	5-01-25	6,180,000	6,180,000
Total			<u>\$22,425,000</u>	<u>\$19,830,000</u>

Funds to pay the COP installments of principal and interest are provided primarily from the sale of expansion land owned by the City. The "release" value of land sales in 2009 amounted to \$1,598,475. The trustee computes the "release" value based on the size and location of the land sold.

In April 2010, the Public Building Commission (PBC) issued taxable revenue bonds, series 2010, in the aggregate principal amount of \$19,355,000. The bonds were primarily issued to acquire property (the "Project Site") that will be leased to the City of Bel Aire, Kansas for use as a commercial/industrial park. Proceeds of the 2010 bonds were used to acquire the Project Site property from the previous lessor. The funds were deposited in escrow for the redemption/prepayment of the previously issued COP's.

Pursuant to the lease between the PBC and the City, the Project Site is leased from the PBC to the City. The 2010 bonds are payable solely from the net earnings and revenue received from the Project Site. The Series 2010 bonds are secured by a pledge of the Trust Estate. The Trust Estate is comprised of the Project Site and its net earnings and revenues. The annual obligation to the City to make rental payments under the lease is not subject to annual appropriation and is exempt from the application of the Kansas cash basis and budget laws.

The 2010 bond proceeds were primarily used to prepay or redeem the following COP's:

Redeeming 2005-A COP's	1,955,000
Prepaying 2005-B COP's	11,695,000
Prepaying 2006-B COP's	6,180,000
Total	<u>\$19,830,000</u>

The bond indenture reflects the annual debt service requirements for the 2010 revenue bonds, beginning in the year 2010 and ending in the year 2035.

SUPPLEMENTARY INFORMATION

CITY OF BEL AIRE, KANSAS
Schedule of Changes in Long-Term Debt
For the Year Ended December 31, 2009

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year
General Obligation Bonds:									
Refunding & internal improvements - Series A 2001	3.70% to 5.00%	2/15/2001	1,175,000	11/1/2016	\$ 115,000	\$ -	\$ 115,000	\$ -	\$ -
Internal improvements - Series A 2002	3.50% to 6.40%	8/26/2002	512,000	11/1/2017	140,000		35,000		105,000
Refunding - Series A 2003	2.00% to 3.00%	7/1/2003	655,000	10/1/2011	265,000		85,000		180,000
Refunding & internal improvements - Series B 2003	2.00% to 5.00%	10/15/2003	1,710,000	11/1/2019	870,000		140,000		730,000
Refunding - Series A 2004	3.00% to 3.50%	10/15/2004	3,930,000	11/1/2014	2,130,000		435,000		1,695,000
Internal improvements - Series A 2007	4.125% to 4.25%	2/15/2007	4,595,000	11/1/2027	4,570,000		160,000		4,410,000
Refunding & internal improvements - Series B 2007	4.25% to 4.50%	2/15/2007	1,290,000	11/1/2027	1,290,000		30,000		1,260,000
Internal improvements - Series C 2007 (proprietary)	4.50% to 5.00%	8/1/2007	3,555,000	11/1/2022	3,530,000		50,000		3,480,000
Refunding & internal improvements - Series D 2007	4.125% to 4.60%	8/1/2007	625,000	11/1/2022	605,000		25,000		580,000
Taxable - Series A 2009	4.125% to 4.60%	8/1/2007	625,000	11/1/2022	-	2,200,000	65,000		2,135,000
Total General Obligation Bonds					13,515,000	2,200,000	1,140,000	-	14,575,000
Revenue Bonds - Public Building Commission:									
Revenue Bonds - Series 2003A	4.50% to 5.10%	9/1/2003	400,000	2/1/2036	300,000		55,000		245,000
Revenue Bonds - Series 2003B	3.50% to 6.60%	9/1/2003	790,000	2/1/2036	780,000		10,000		770,000
Revenue Bonds - Series 2004A	3.125% to 5.5%	3/1/2004	585,000	2/1/2034	575,000		15,000		560,000
Refunding Revenue Bonds - Series 2006	3.75% to 4.25%	12/1/2006	3,460,000	2/1/2036	3,415,000		10,000		3,405,000
Total Revenue Bonds					5,070,000	-	90,000	-	4,980,000
Temporary Notes:									
Internal improvements - Series B 2005	5.00%	2/15/2005	2,040,000	3/1/2009	2,040,000		2,040,000		-
Internal improvements - Series A 2006	4.00%	2/15/2006	2,800,000	2/1/2010	2,800,000				2,800,000
Internal improvements - Series A 2008	4.50%	6/15/2008	4,735,000	6/1/2012	4,735,000				4,735,000
Internal improvements - Series A 2009	5.00%	12/1/2008	400,000	6/1/2009	-	955,000			955,000
Internal improvements - Series B 2009	5.00%	12/1/2008	400,000	6/1/2009	-	6,410,000			6,410,000
Total Temporary Notes					9,575,000	7,365,000	2,040,000	-	14,900,000
Certificates of Participation:									
COP Series 2005	6.00% to 6.75%	5/1/2005	2,075,000	5/1/2041	2,035,000		80,000		1,955,000
COP Series 2005B	7.50% to 8.35%	12/1/2005	14,170,000	5/1/2025	12,775,000		1,080,000		11,695,000
COP Series 2006A	8.0% to 8.375%	3/1/2006	6,180,000	5/1/2025	6,180,000				6,180,000
Total Certificates of Participation					20,990,000	-	1,160,000	-	19,830,000
Capital Leases:									
John Deere Motor Grader	3.90%	8/6/2003	122,273	1/20/2010	38,980		19,110		19,870
Caterpillar 420-D	3.85%	7/8/2004	59,895	7/8/2008	1		1		-
Sewer Jetter 747FR-2000	4.93%	2/1/2006	48,725	2/1/2010	19,923		9,720		10,203
Ford F-350 w/ 9ft Dump Bed	4.60%	3/21/2006	29,635	3/21/2008	1		1		-
(2) 2006 Crown Victorias	5.20%	1/17/2007	66,502	1/17/2009	22,147		11,509		10,638
2008 Crown Victorias	4.75%	7/15/2008	13,995	7/15/2011	9,112		4,450		4,662
2005 New Holland Tractor	4.75%	2/3/2009	15,000	2/3/2012	-	15,000	10,003		4,997
2009 silverado Ext Cab 4X4	4.65%	5/1/2009	19,300	5/1/2012	-	19,300	6,729		12,571
(2) 2009 Chevrolet Tahoes	4.65%	2/17/2009	79,582	2/17/2012	-	79,582	27,741		51,841
Pelican Street Sweeper	4.75%	3/3/2009	149,465	3/3/2014	-	149,465	32,731		116,734
KDOT Polices Radios	5.05%	9/1/2009	93,737	9/1/2018	-	93,737	7,435		86,302
Total Capital Leases					90,164	357,084	129,430	-	317,818
Total Indebtedness					\$ 49,240,164	\$ 9,922,084	\$ 4,559,430	\$ -	\$ 54,602,818
Compensated Absences	N/A	N/A	N/A	N/A	\$ 163,093	\$ -	\$ -	\$ 24,493	\$ 187,586

The notes to the financial statements are an integral part of this statement.

CITY OF BEL AIRE, KANSAS
Schedule of Maturities of Long-Term Debt
For the Year Ended December 31, 2009

	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	2030-thereafter	Total
Principal:										
General obligation bonds	\$ 1,075,000	\$ 1,075,000	\$ 1,140,000	\$ 1,210,000	\$ 1,160,000	\$ 3,690,000	\$ 3,300,000	\$ 1,925,000	\$ -	\$ 14,575,000
Revenue Bonds - Public Building commission	90,000	100,000	115,000	115,000	50,000	640,000	805,000	975,000	2,090,000	4,980,000
Temporary notes	2,800,000	-	4,735,000	7,365,000	-	-	-	-	-	14,900,000
Certificates of Participation	19,830,000 *	-	-	-	-	-	-	-	-	19,830,000
Capital leases	116,838	69,623	38,444	40,301	9,513	9,992	10,497	11,027	11,583	317,818
Total Principal	23,911,838	1,244,623	6,028,444	8,730,301	1,219,513	4,339,992	4,115,497	2,911,027	2,101,583	54,602,818
Interest:										
General obligation bonds	507,981	472,408	437,319	394,624	344,241	1,233,071	579,697	179,070	-	4,148,411
Revenue Bonds - Public Building commission	225,565	221,329	216,630	211,752	205,552	951,878	781,077	564,971	323,765	3,702,519
Temporary notes	957,316	434,025	327,488	206,625	-	-	-	-	-	1,925,454
Capital leases	14,527	10,381	6,873	5,034	3,114	2,657	2,176	1,672	1,142	47,576
Total Interest	1,705,389	1,138,143	988,310	818,035	552,907	2,187,606	1,362,950	745,713	324,907	9,823,960
Total Principal and Interest	\$ 25,617,227	\$ 2,382,766	\$ 7,016,754	\$ 9,548,336	\$ 1,772,420	\$ 6,527,598	\$ 5,478,447	\$ 3,656,740	\$ 2,426,490	\$ 64,426,778

* - this amount was refunded and refinanced with PBC revenue bonds series 2010

The notes to the financial statements are an integral part of this statement.